

# Blaine House Conference on Maine's Natural Resource-Based Industry November 17, 2003

## Recommendations for Action

*Based on discussions with a variety of groups and review of previous assessments of the industry, these "Recommendations for Action" have been created. Additional ideas may emerge at the Summit or during discussions of these issues. Note that additional recommendations in the areas of transportation, access to the resource, small business development and entrepreneurship and marking will be address in a "Cross-cutting Issues paper. This is a "work in progress", is likely to continue to evolve and the order of listing does not imply any ranking of priority.*

### Introduction

Forests are fundamental to Maine's history and have shaped the character of Maine's people. Forests, fisheries, and furs sparked and then fanned the fires of dispute between England and France over this place called "the Maine." Masts made from kings pines from Maine were the envy of navies the world over, and one of the important reasons English fleets dominated the seven seas.

Bangor was the world's largest lumber port during the 1880's. Rivers and lakes were diverted to direct pine and then spruce down the Penobscot River from the Allagash and St. John drainages.

The pulp and paper industry arose during the late 19<sup>th</sup> and early 20<sup>th</sup> century and Maine dominated the industry for decades because of the large supply of high quality fiber provided by our spruce and fir resources and the hydropower provided by the rivers that flowed through forested watersheds.

The Maine forest is a place of legend for its rugged woodsmen, canoeing, hunting, fishing, traditional sporting camps, and the opportunities for solitude and recreation it offers.

The great expanse of the north woods defines us as a state unique in the eastern U.S. – we truly are the "pine tree state." Maine's rich forest history gives special importance to the issue of forest policy and the stewardship of Maine's forest resources, which have sustained Maine people for over two centuries.

## Policy Statement

Forest product industries have played an integral role in Maine's past and present economic health and the welfare of workers and communities. It is the State's policy to support the industries which produce Maine's wide variety of forest products as a vital component of Maine's future economy.

Maine's forest products industry should foster stewardship of the natural resources, have access to investment capital, utilize innovative technology and operate in a positive and predictable business climate.

Maine will cultivate a positive, opportunistic and aggressive economic development program for forest products manufacturing that assists existing firms to move through a period of enormous change while stimulating recruitment of new forest products businesses. Commitment to investment, innovation, and new technology will be essential. Predictability in policy is viewed as being a critical element in a supportive climate for the forest products and other natural resource industries.

The State is committed to maintaining large forestland tracts that are sustainably managed and the development of creative partnerships for recreation management of forest land to complement sustainable production of timber and other forest products.

While the forest products industry is a mature industry, facing intense competition from abroad, it can base its future on a sustainable, competitive advantage. This means growing high quality wood of valuable species in a semi-wild to wild setting, and "branding" our assets of quality, stewardship and technological competence.

Capitalizing on Maine's competitive advantages in the global market place will require demonstrating that Maine is a leader in sustainable forest management, improved marketing of Maine forest products, improving our transportation system, reducing energy costs, encouraging innovation and the native entrepreneurial spirit of Maine people, research and education, and cooperation, both within the industry and between industry, government, and our institutions of higher learning. This will be a challenge for all of Maine's citizens, businesses, and institutions that care about or depend on Maine's forests and our forest products economy.

## Specific Action Steps

1. Branding Maine's Forest Products:  
Promote the unique attributes of Maine's forest products such as stewardship of forests, green certified wood and paper, sustainable forest management, as well as innovative and adaptive industry with historic roots and significance to the State.

*Example: The Maine Wood Products Association has engaged Auburn Enterprises LLC. to begin implementing a "Save & Grow" the industry, and "Maine Made & Green" vision and merchandizing program. This program is focused on developing*

*new global markets and demand for Maine’s value added products that are manufactured from certified, recovered and recycled wood fiber.*

2. Reduce Energy Costs:

Encourage and support forest products businesses in a review of options for decreasing high industrial power costs that include: utilizing existing energy resources as efficiently as possible and improve efficiencies wherever possible; self-generate power thus eliminating costs associated with transmission and distribution of power;

*Example: The U.S. Department of Energy’s Office of Industrial Technology sponsors regional centers (Univ. of Massachusetts – Amherst) that assist manufacturers evaluate, understand and manage their energy use.*

*Example: There are private-sector companies that work with industry to maximize industrial power efficiency, develop distributed generation/combined heat and power, and improve motor efficiency. See WasteCapNH.org for a list of such companies.*

3. Increase Opportunities for Efficient and Cost-effective Rail Transportation

Encourage a collaborative team to identify and address obstacles to effective and cost-efficient rail transportation in Maine that is responsive to Maine’s woods-products sector needs.

*Example: The existing Freight Transportation Advisory Council (FTAC) provides a forum for industrial/shipper concerns. A focused discussion on the specific needs of woods-products sector could assist in identifying and solving obstacles to increased rail transport in Maine.*

4. Improve Access to Technology and Financial Assistance:

Establish a business assistance seminar program with expertise in technology, business development and financial assistance. This seminar program would travel to different regions of the state and have current information on technology developments as well as investment opportunities and information on financial assistance. Collaboration between business associations, academic institutions and the State will be important for the success of this program.

*Example: The forestry sector has typically had the lowest number of applications and grants with the Maine Technology Institute. Many in the forestry sector are not aware of the research and technical assistance programs such as the Advanced Engineered Wood Product Center. Providing information in a “user friendly” manner to owners and operators of woods products businesses and fostering improved networks can remedy this and increase awareness of new developments in technology and how to secure investment capital.*

5. Improve Wood By-Product Utilization:

- a. Support creative efforts to utilize all wood products through green power initiatives and wood-based energy policies.
- b. Evaluate the feasibility of a medium density fiberboard plant in Maine.
- c. Monitor and support new by-product technology and connect research with industry representatives.
- d. Conduct a multi-agency review of Maine's effectiveness in using wood byproducts efficiently, and determine what can be done to improve use of wood byproducts in Maine.

*Example: A conference on biomass diversification for the forest products industry is being planned to introduce emerging bio-product diversification and growth options for the forest products industry and the local economies that depend on them. Wood waste pyrolysis is being researched as a means of utilizing wood waste and creating valuable by-products.*

6. Increase Certification of Maine's Forest Land Base and Green Purchasing:

- a. Build on Maine's Forest Certification Initiative, promoting more certified land and building markets for certified products.
- b. Implement a green purchasing program for state government (See Executive Order 02FY 04/05 "An Order Regarding the Purchasing of Wood and Paper Products from Certified Sources.")
- c. Create an information system on green products including the creation of an online market for certified wood (and all wood products).

*Example: Maine's Forest Certification Initiative, announced in early July 2002, is a pioneering partnership between the State of Maine and the forest products industry, landowners and workers. This initiative will bring prominence to the high quality of Maine-made products and sets as a goal having 10 million acres of certified forest by 2007. Maine's efforts are already receiving acclaim: David Refkin, president of TI Paperco Inc. stated: "Maine is in the lead." "They've really taken the pillars of sustainable development and said 'we can be strong on the environment' and that will potentially lead to more business and potentially more investment in the state's paper industry.'" (Forest Certification Watch No. 36 – Sept. 2003)*

*Example: Create (or expand) a "virtual" marketplace where buyers and sellers of Maine wood can locate one another. Using the internet, a bulletin board, with easy search capabilities could be established where buyers and sellers could post their needs including:*

- *product species and specifications (including green certification)*
- *pricing*
- *consistency of need (i.e. mill x needs 500 BF each week);*
- *geographic location;*
- *desire for certification and type of certification;*
- *contact information*

- *other factors identified by users.*

7. Increase Research and Technology:

- a. Identify research support needed for expanding pulp/paper products focused on unique pulping characteristics and the competitive advantages of Maine tree species.
- b. Support the Advanced Engineered Wood Product Center and its efforts to commercialize new technologies in Maine businesses.
- c. Develop an assessment of the State's competitive position as the location for large wood-based energy and chemical plants based on new technologies.
- d. Develop mechanisms for enhancing research and outreach efforts on sustainable forestry issues facing Maine's forest land owners and managers.

*Example: Create a network of dynamic individuals and institutions associated with the resource, products and research and development could be created – “Market Development Alliance”.*

*Example: Establish a program at appropriate institutions to train and encourage the development of entrepreneurs interested in forest product manufacturing. In conjunction with this program, establish a mentoring program for persons wishing to become entrepreneurs in the forest products industry.*

8. Support Loggers and Logging Infrastructure:

- a. Identify and support programs designed to cultivate interest in logging profession and to assure the viability of logging infrastructure; explore apprenticeship initiatives or mentoring programs.
- b. Empanel a group to identify what is needed to retain and recruit loggers including a review of large investment required to start-up business, outreach through educational institutions regarding opportunities in the profession, and geographic needs.

*Example: The Arkansas Wood Manufacturers Association has developed an Apprenticeship Program to engage students to apprentice with woods products companies. This nationally recognized program is helping both youth and adults to attain the skills they need to qualify for jobs within the wood manufacturing industry and making sure rural employers find the trained employees they need to stay productive and competitive.*

9. Improve Forest Management and the Policies Which Support It:

- a. Retain Maine's forest land base through the use of easements, a reliable Tree Growth Tax Law program, and growth management policies that promote sound land use decisions.

- b. Curb harvest practices that lead to degradation of the resource and/or change in use; for example, liquidation harvesting.
  - c. Maintain and enhance capacity to assess and model the character and extent of Maine’s forest resources, including periodic wood supply updates.
  - d. Focus additional effort and attention on the protection of forest resources from the introduction of exotic pests.
  - e. Explore income averaging for timber income of small owners on federal income tax.
  - f. Promote creative financing programs such as New Markets Tax Credit for long-term investment in forest land.
  - g. Develop creative mechanisms to improve the quality and productivity of Maine’s timber supply.
10. Enhance the connections between managed forests and outdoor recreation/tourism:
- a. Promote eco-tourism combined with well managed forestlands to showcase singular Maine experience and cultural heritage.
  - b. Link outdoor recreation and tourism economies with Maine’s “green” forests and forest products industry.
  - c. Develop partnerships with landowners for specialized recreational activities on their land to accommodate new tourism.

*Example: Utilize results of research on the “twin” resource sectors of tourism and forest products for effective community development. Analyze efforts in other regions to develop management guidelines for forestry and resource-based tourism. Support Maine’s unique “North Maine Woods” management system.*

11. Build Maine’s capability to track and understand the critical needs of Maine’s forest products industry. Such knowledge should enable industrial and State partners to find ways to enhance the profitability of such enterprises, help them flourish and provide an early warning system when components of the industry are facing difficulties.

*Example: The Department of Conservation is sponsoring a “Future Forest Economy Project” -- an intensive research effort to assess the opportunities and challenges facing Maine’s wood using industries over the next 20 years. This effort will identify what is needed to maintain Maine’s existing wood using industries, identify growth opportunities in existing and potential new wood using industries, and identify what Maine State Government and the industry can do to improve the prospects for Maine’s forest products industries.*

12. Investigate the role that emerging markets for carbon sequestration could play in enhancing the returns to Maine landowners and improving forest management here in Maine.

## Summary

Developing a spirit of respect and cooperation is fundamentally important to achieving a shared vision. We should seek, through all our actions, to foster a climate of shared learning, mutual understanding and support, and collaboration within the forest products industry, and among the forest products industry, government, the University, and the NGO community. This is already underway, but we must continue to nurture relationships of trust and openness, as well as an understanding that differences in perspective will continue to exist and are indeed healthy.